The Globe and Mail

REPORT ON BUSINESS

WEDNESDAY, FEBRUARY 10, 1982

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the budget proposal is
sed, "there is no ques-
n" that fewer employees
l accept job transfers to

locations with higher housing costs, said Robert Bower, president of ERS Employee Relocation Services Ltd. of Toronto.

Because the proposal would distort over-all salary structures, many employers will not increase salaries to compensate for the higher tax burden and so there will be "stiff transfer resistence," Mr. Bower said.

Gulf Canada Ltd. of Toronto has decided not to increase the salaries of employees who are relocated, said John Lynch, manager of human resources.

"We think the Government made a serious error and if enough people get annoyed, maybe the policy will be changed," he said. "Also, increasing salaries creates a problem for relationships between salaries."

John Harvey, manager of corporate human relations for the Toronto Dominion Bank, said: "Who is the Goverment levying the tax on? Is this argument between employees and the Government, or employers and the Government?"

The budget proposal calls for the elimination of the tax-free status for loans made after the budget date, and a phasing out of the tax-free status for loans made prior to the budget.

A calculation by accountants with Coopers and Lybrand (International) indicated that the 1982 taxable benefit on a $100,000 loan originally made in 1979, on which the employee pays 5 per cent interest, would be $400.

The same loan made Nov. 12, 1981 (just prior to the budget) would have a 1982 taxable benefit of $4,600. If made just after the budget, it would have a taxable benefit of $11,000.

The tax-free loans meant people could be moved to locations with higher housing costs "without suffering a penalty" and hence eliminating the loans "seems a little inconsistent with the national objectives of mobility," said Robert Bath, compensation manager for Imperial Oil Ltd. of Toronto.

"Now, in the absence of definite regulation, it is a difficult time," Mr. Harvey said.

He said that in the interim period before the final budget is passed, bank employees who are transferred will have salaries increased so their financial situation would be the same as if they made the move, and received a housing loan, just prior to the budget.

In the budget papers, the Department of Finance states the tax-free housing loans are benefits that are

fficial ow rate speedily

CP Rail had said it must start major Rogers Pass work by this summer to finish the development before the middle of 1986 when the existing line through the Selkirk mountains of British Columbia begins handling maximum traffic. If the company begins preparatory work this year and swings into full gear in 1982, then the project is headed for completion by the end of 1986, a spokesman said.

Timing is important because railway officials forecast the need to ration capacity on freight shipments to the West Coast by the end of 1985.

The Government hopes to
ntroduce legislation this
all changing the compensa-
on formula for the rail-
ays, but Ottawa has not
t decided by how much it
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of agricultural econom-
will head discussions to
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Globe and Mail, Tibor Kolley

APMAC president Patrick Lavelle wants Japanese auto makers to make early start on achieving 85 per cent local content in parts.

Auto parts sector wants Canadian content raised

By DAVID STEWART-PATTERSON

The Canadian auto industry is in a state of crisis, and fair trade must replace free trade as Canada's guiding principle — that much was agreed upon by representatives of the vehicle and auto parts industries, labor and government at a packed meeting.

But most of the suggestions were aimed at the federal Government, and there was a distinct shortage of concrete commitments from that quarter in reply.

Patrick Lavelle, president of the Automotive Parts Manufacturers Association of Canada, said he hoped the meeting would be remembered as "the day we decided to decide."

Not much appeared to be decided, but the various participants have largely stopped blaming each other for the sorry state of the Canadian automotive indus-

needs to be done with other foreign manufacturers.

In five years, Volkswagen has increased its purchases of Canadian parts from $2-million annually to $81-million in 1981, Mr. Lavelle said. In the same period, Japanese parts purchases increased from $3-million to $6.6-million, an amount equal to only half of 1 per cent of their total Canadian vehicle sales.

The parts makers' association wants to see Japanese companies forced to reach 85 per cent local content. "We are not suggesting that this be done overnight or without advantage to the Japanese, but a start should be made towards this goal, and I suggest it is time to do that now."

And if an agreement has not been reached by April 1, when the current agreement limiting Japanese imports expires, then there should be an embargo on Japanese vehicles until one is reached, he said.

But the federal Government's representative at the meeting, MP Russell MacLellan, did not have much to promise. He is parliamentary secretary to Minister of Regional Industrial Expansion Herbert Gray, who was scheduled to speak but cancelled the appointment for a cabinet committee meeting.

His stand-in pointed to the Volkswagen agreement as one of several important achievements by the feder-

FUN WITH FIGURES

BY J. A. H. HUNTER

We have 5,799 for the game today: two 9's, one 5 and one 7. Using all four each time but no other digits at all you form expressions for the consecutive numbers from one up.

Any arithmetical signs may be used, but no sum-

Rules eased on ownersh for oil firms

Modified Canadian ownership regulati
lift the administrative burden for a "sign
number of small oil and gas companies, a
to a federal energy official. —

Royal indicator declines

A leading indicator compiled by the Roya
of Canada is estimated to have fallen by
cent during the fourth quarter of 1981, to its
level in three years.

Cast denies attachment reports

Kurien Jacob, executive vice-president
North America Ltd., denies reports that a
court has issued an attachment on assets
Cast Shipping Group in Britain and Bermu

Accounting guideline

The accounting research steering comm
the Canadian Institute of Chartered Acco
has issued a guideline on the accounting
ment of grants under the Petroleum Inc
Program. —

Sun Life to buy U.S. firm

The recent agreement to purchase a
Boston-based investment management c
gives Sun Life Assurance Co. of Canada
important step forward" in making revenu
in the U.S. market, Thomas Galt, chairm
the annual meeting. —

Kellogg Salada expansion

Kellogg Salada Canada Inc. will sper
million over the next three years to exp
cereal plant in London, Ont. —

Wage settlements up

Major wage settlements in the 1981 fourt
ter provided for average annual increases
per cent, up from an average 12.2 per cen
third quarter. —

Shell to close division

Shell Canada Resources Inc. has dec
close its minerals production and explorati
sion, says MacIntosh Gibbs, manager of m
production.

Steel output

Canadian steel ingot output totalled 314,5
in the week ended Feb. 6, off 2.3 per cen
321,808 tons the previous week and off 1
cent from 351,824 tons a year earlier, St
Canada reports. —

Nova wooed for Alsands project

Nova Corp. is one of several companie
wooed as potential investors in the Alsa
sands project, hobbled by the recent bai
two partners. —

Brascan faces decision over Westmi

Brascan Ltd. hopes to decide whether
make its 84 per cent-owned resource co
Westmin Resources Ltd., a subsidiary o
cade Ltd. some time this month, says Br
chief executive Trevor Eyton. —

Lake Ontario Cement plans expansio

Despite its fears of escalating labor cost
Ontario Cement Ltd. has plotted a course
gressive expansion. —

Workers may return